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GOVERNMENT OF INDIA

MINISTRY OF INDUSTRY AND SUPPLY

RESOLUTION

*New Delhi, the 31st July, 1948*

**No. 90/14-Tex. I/48.**—In their Resolution No. 90/1-Tex I/48, dated the 22nd January 1948, the Government of India announced their decision to relax by degrees control over cotton textiles. In their Resolution No. 90/10-Tex. I/48, dated the 4th May 1948, control was further relaxed in the hope that the textile industry and the trade would so operate that cloth would soon become available to the consumer at reasonable prices. These hopes have not materialised. Since 24th April 1948, when price stamping was removed, prices have moved up sharply, in some cases to fantastic heights. Although there has recently been a fall in wholesale prices from the peak heights reached in May 1948, there is no indication yet that the retail prices will soon come down, in spite of the increase in production which has been manifest in the last few months and the fact that cloth has recently moved in large quantities from the main producing centres to the consuming areas. There has been growing dissatisfaction among the public over the existing situation. The Government of India realise that the rise in price of cloth is only one of the many disquieting factors in the present economic situation of the country. The broad measures necessary to meet the general situation are under their active consideration. Meanwhile, however, they consider that as cloth is one of the essential necessities of life, some measures are immediately necessary to make it available to the public in adequate quantities at reasonable prices.

2. With this end in view, the Government of India have had consultations with the Textile Advisory Committee as well as with Provincial Premiers and Prime Ministers of States. It was the unanimous view of the Provincial and State authorities that the present situation should not be allowed to continue unchecked. After carefully considering the situation, the Government of India have come to the conclusion that control over the production, distribution and prices of cloth and yarn must immediately be re-imposed. They have accordingly decided to take the following steps:—

- (i) To ensure that the productive capacity of the mills is fully utilised, Government will set up machinery to prevent a fall in production and the manufacture of unsuitable or non-durable cloth.
- (ii) Government will fix fair prices of cloth and yarn, *ex-mill*. The Tariff Board which had been asked to report on the fair prices of cloth has recently submitted its report, and this is at present under the consideration of Government. Pending a decision on the recommendations of the Tariff Board, Government will fix prices *ad hoc*.

- (iii) Such prices will be stamped on all cloth and yarn, ex-mill. Such stamping will be done on existing stocks with the mills, and orders have already issued freezing stocks with the mills for this purpose.
- (iv) Distribution to Provinces and States according to quotas will be only through wholesalers, approved or nominated by Provincial Governments or States. These authorities have already been requested to forward the lists of such wholesalers to the Textile Commissioner, and it is hoped that distribution of stamped cloth through these channels will begin very soon.
- (v) Of the cloth so distributed to Provincial Governments and States, a certain amount will be distributed through shops controlled by them. The exact method of distribution must naturally be decided by them; but it has been suggested to them that in the initial stages such controlled shops should cater to the needs of lower income groups.
- (vi) The balance of the cloth allotted to Provinces and States will be distributed through consumers' co-operative societies and through normal trade channels. Provincial Governments and States will exercise a general supervision over such trade channels, and they have already been requested to introduce a system of licensing retail shops. It is not the intention to restrict or to interfere with the working of these channels so long as the distribution is within the Province or State concerned and the prices charged are correct.
- (vii) Retail shops in Provinces and States, both controlled and uncontrolled, will be allowed to charge an extra margin over the ex-mill prices stamped on the cloth according to the rate fixed by the Provincial Governments or States, for which the Central Government will prescribe a maximum.
- (viii) Powers will be assumed by the Central, Provincial and State Governments by which they can requisition cloth from wholesalers and dealers at prices considered fair by them. This power is intended to be used for checking hoarding, profiteering and other malpractices, and will be freely used.
- (ix) Although the primary responsibility of implementing the Textile Control will rest with Provinces and States, an Enforcement Branch is also being immediately set up by the Central Government. Government will also assume adequate powers to deal drastically with infringements of the Textile Control in all its aspects.
- (x) The movement of stamped cloth from the mills to retail shops will naturally take some time. Meanwhile, there is a considerable quantity of cloth which is unstamped and which is at present with the wholesalers and retailers. Sale of such cloth will be permitted up to 31st October 1948. The stocks of unstamped cloth are so large that, unless wholesalers and dealers engage in malpractices, there should be no shortage of cloth in the country during this period. Powers of requisitioning will be freely used if malpractices occur.

The Government of India will also, in consultation with the Provinces and the interests concerned, take up immediately the question of controlling the prices of Indian raw cotton.

## ORDER

ORDERED that a copy of the above Resolution be communicated to all Provincial Governments and Administrations, all Ministries of the Government of India, the Indian Trade Commissioners, all Indian Embassies, the High Commissioner for India, London, His Majesty's Trade Commissioner in India, all Chambers of Commerce and Associations, all Cotton Textile Mills, the Director-General of Commercial Intelligence & Statistics, Calcutta, the High Commissioner for India in Pakistan, Karachi, the High Commissioner for Pakistan in India, New Delhi, and the Secretary, Indian Tariff Board.

ORDERED also that it be published in the *Gazette of India*.

S. A. VENKATARAMAN, Secy.

